MACC
MANITOBA AGRICULTURAL CREDIT CORPORATION

Manitoba
Agriculture

Annual Report
1988 - 89

Manitoba
Agricultural Credit
Corporation

92-00846/

Minister of
Agriculture

Room 165
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

September 19, 1989

To His Honour
George Johnson
Lieutenant-Governor of Manitoba

Your Honour:

I have the honour to submit herewith the Report of the Manitoba Agricultural Credit Corporation for the period April 1, 1988 to March 31, 1989.

Your obedient servant,

Glen Findlay

Glen M. Findlay,
Minister of Agriculture

MACC
MANITOBA AGRICULTURAL CREDIT CORPORATION
7TH FLOOR — 125 GARRY STREET
WINNIPEG, MANITOBA
R3C 3P2
(204) 947-3244

Manitoba
Agriculture

Honourable Glen M. Findlay
Minister of Agriculture
165 Legislative Building
Winnipeg, MB
R3C 0V8

Dear Mr. Findlay:

I have the honour to herewith submit the Annual Report of The Manitoba Agricultural Credit Corporation and the Financial Statements for the fiscal year ending March 31, 1989.

Yours respectfully,

Robert Manns
Chairman
Manitoba Agricultural
Credit Corporation

Table of Contents

TITLE	PAGE
MACC Board of Directors and Officers	8
Financing of the Corporation	9
Financial Statements	9
Balance Sheet	9
Statement of Revenue and Expenditure	9
Operations Review	9
Loan Activity	9
Direct Loans	10
Refinancing Program	10
Part-time Farmer Program	10
Corporate and Co-operative Loans	10
Stocker Program	10
Crown Land Loans	10
Manitoba Beef Stabilization and Marketing Plan Loans	10
Manitoba Interest Rate Relief Program	10
Beef Producers Income Assurance Loans	11
Farm Start Program	11
Guaranteed Loans	11
Land Lease Program	11
Fish Farming Loans	11
Fisherman's Loans	11
MACC Summary of Activity	12
Tables	
I Approved Direct Loans by Purposes	13
II Approved Agricultural Loans by Age Groups	13
III Summary of Programs for Five Years Ended March 31, 1989	14
IV Summary of Programs — Interlake Region	15
V Summary of Programs — Eastern Region	16
VI Summary of Programs — Central Region	17
VII Summary of Programs — South Western Region	18
VIII Summary of Programs — North Western Region	19
Report of the Provincial Auditor's Office	21
Financial Statements and Notes	23 to 35

The Manitoba Agricultural Credit Corporation

Board of Directors

Robert E. Manns	Chairman
Grant Fotheringham	Vice-chairman
Morris Butcher Q.C.	Board Member
Fred Betcher	Board Member
Gail Watson	Board Member
Patricia Barry	Secretary

Officers

Neil A. Potter	General Manager
J. David Bilsland, C.A.	Director, Finance and Administration
Douglas A. Parnell	Director, Credit Administration
Edwin R. Poore	Director, Program Planning, Development and Evaluation
Albert W. Todosichuk	Director, Field Operations
Ty Aho	Acting Director, Fisherman's Loans
David I. Victor, Q.C.	Legal Counsel

Financing of the Corporation

Beginning in 1959, its first year of operation, the Corporation has borrowed its capital requirements from the Province of Manitoba. The capital funds at that time remained with the Corporation to be re-used for lending purposes and the interest charges on this debt was paid annually to the Province.

In 1977, arrangements were made to repay these capital funds together with fixed interest charges over an amortized period as consistent as possible with the term over which these funds were loaned to farmers. Subsequent capital advance requirements and terms of repayment are determined annually based on the lending activity of the Corporation for that year. Because of the "open" nature of its loans to farmers, the Corporation is also allowed to make prepayments on the capital advances to the extent of the prepayments received from its clients.

Financial Statements

Balance Sheet

Deficit Account

Fiscal 1985-86 brought about a change in the method of funding provided for the Corporation's operations by the Province. This change eliminated any further funding of the Corporation's allowance for doubtful accounts and required a return to the Province of funds provided for this allowance prior to March 31, 1985. During 1987-88, the same change was made to the operating funding under the Fisheries Act.

Because of this funding change, the Corporation continues to operate from an accumulated deficit position of $13,758,429 in the farm program, which is essentially comprised of the allowance for doubtful accounts total of $16,661,300 at March 31, 1989 less the reserve for working capital of $2,902,389 at March 31, 1985.

Similarly, the fish program accumulated deficit of $398,314 is comprised of the allowance for doubtful accounts of $426,603 less the reserve for working capital at March 31, 1987 of $28,289.

Statement of Revenue and Expenditure

The net costs of operation of the Corporation were $11,210,591 in 1988-89 compared with $14,982,296 in the previous fiscal year, the net decrease being primarily in bad debt costs.

To offset these net costs of operation, the Province provided $11,278,160 ($5,172,537 from appropriations of the Department of Agriculture, $6,105,623 from the Department of Finance valuation account) resulting in an operating excess of revenue over expenditures of $67,569 for 1988-89. In the Fish Program, the net costs of operation of $328,081 were offset by funding of $290,881 from appropriations of the Department of Natural Resources and by $32,796 from the Department of Finance valuation account. The resulting operating excess of expenditure over revenue of $4,404 is compared with an excess of expenditure over revenue of $9,514 for 1987-88.

Operations Review

Active MACC Accounts
As At March 31, 1989

1.	Direct Loans	6,199
2.	Mortgage Purchase Accounts	306
3.	Corporate and Co-operative Loan Accounts	39
4.	Crown Land Purchase Accounts	119
5.	Stocker Accounts	141
6.	Manitoba Beef Stabilization Accounts	92
7.	Refinancing Program — Regular	178
8.	Refinancing Program — Corporate	17
9.	Manitoba Mediation Board Loans	29
10.	Part-time Farmers Accounts	51
11.	Manitoba Interest Rate Relief Accounts	924
12.	Beef Producers Income Assurance Plan Accounts	42
13.	Guaranteed Loan Accounts	13
14.	Long Term Lease Accounts and Agreements For Sale	85
15.	Short Term Lease Accounts	253
16.	Farm Diversification Loan Accounts	186
17.	Emergency Fodder Loan Accounts	3
18.	Livestock Grant Accounts	3
19.	Disaster Relief Accounts	8
20.	Farm Start Program Accounts	1
21.	Fish Farm Loan Accounts	1
22.	Fisherman's Loan Accounts	2,251
	Total:	10,941

Loan Activity

During the 1988-89 fiscal year, the Corporation's agricultural lending activities totalled $51,597,326, a decrease of $2,232,884 from the previous year's total of $53,830,210.

As detailed in the Summary of Activity on page 12 of this report, the Guaranteed Loans made by the Cor-

poration during 1988-89 was responsible for the decrease in lending activity offset by increases in Direct Loans and Land Sales. A new Guaranteed Loan program was introduced effective January 1, 1989 but finalization of agreements with Chartered Banks did not take place until later in the fiscal year. This "timing" problem appears to have been the primary cause of the decrease in this loan category.

One entirely new agricultural program, Fish Farming, was introduced during the fiscal year.

Direct Loans

From its inception in July 1978, the current Direct Loan program has generated a volume of $227.5 million with $135.4 million of this amount used for the purchase of farm land.

Of the $14.3 million in direct loans during 1988-89, 84% was used to purchase land, 10% for debt consolidation, 5% for permanent improvements, with the remaining 1% for equipment, livestock and other purposes. Young farmers were recipients of 95% of the direct loan volume.

Refinancing Program

This program, which was introduced during 1985-86, will provide a total of $20.0 million in loans to farmers or corporate farms which are in financial difficulty at a subsidized interest rate of 9 ¾% for the first five years of the loan. After expiry of the first five year term, the interest rate will be the Corporation's regular lending rate at the time the loan was made. During 1987-88, loan assistance to clients of the Manitoba Mediation Board was extended under this subsidized program.

Activity under this program for 1988-89 amounted to 13 approvals under the regular program totalling $1,209,162 and 11 approvals under the Mediation Board loan program of $866,891, bringing total approvals to March 31, 1989 to $12,936,621 for the regular program, $1,691,337 for the corporate program and $1,672,341 for the Mediation Board loans. A balance of $3,699,701 of the $20.0 million is still available for subsidized loans under this program.

Part-Time Farmer Program

This program was also introduced in the 1985-86 fiscal year to provide loans at regular lending rates to part-time farmers who intend to become principally occupied in farming within ten years.

Loan approvals for 1988-89 under the Part-time Farmer program totalled $515,900 for 11 loans. To date, 36 loans have been approved for a total dollar value of $1,948,700.

Corporate and Co-operative Loans

Three new loans totalling $393,779 were approved under this program for 1988-89.

From the inception of this program in July 1978, a total of 26 loans with a dollar value of $4,159,031 have been approved.

Stocker Program

The Stocker Program was designed to provide cattle inventory financing to qualified livestock producers and was introduced on July 9, 1975 by the Corporation. During the year, there were 83 loan approvals totalling $2,568,734 for the purchase of 4,544 head of cattle. From inception of this program to March 31, 1989, a total of 1,151 loans have been approved for 66,205 head of cattle with a value of $25,604,950.

Crown Land Loans

During 1980-81, the program was introduced to provide mortgage funds to lessees of Crown Lands to purchase the leased land from the Province. During 1988-89, one loan was approved in the amount of $11,070. Total volume under this program to March 31, 1989 has been 146 loans for $1,967,179.

Manitoba Beef Stabilization and Marketing Plan Loans

This program was introduced October 17, 1982 to provide financing for farmers who desired to raise their calves to a stocker or slaughter weight. Financing is available in the form of cash advances, custom feeding loans and loans for facility and production improvements.

During the year, 69 loans were approved in the amount of $1,293,800. Total loans approved under this program from its inception are 1,228 for $19,443,573.

Manitoba Interest Rate Relief Program

This program was introduced during 1981-82 to provide direct assistance for Manitoba farmers in financial difficulty due to high interest rates and to provide financial counselling through the Department of Agriculture. Total payments to date have amounted to $12,153,444.

The program is now in the collection phase, with no new applications being accepted by the Corporation.

Beef Producers Income Assurance Loans

During 1980-81, this program was introduced to make possible termination of the Manitoba Beef Producers Income Assurance Plan agreements by those producers who wished to terminate their contracts but did not have funds available to pay out their contracts.

From inception of this program, 83 loans totalling $115,481 have been approved.

FarmStart Program

This program was introduced late in fiscal 1986-87. The program is designed to facilitate land purchases by beginning farmers by providing a guarantee to the retiring vendor of the property who in turn provides a loan at a subsidized interest rate to the purchaser.

One guarantee in the amount of $25,000 was approved in 1987-88.

Guaranteed Loans

On April 1, 1983, the Corporation's Guaranteed Operating Loan Program was introduced. Under this program, the Corporation guarantees 12.5% of the aggregate total guaranteed to each participating lending institution. The program carries a maximum of $125,000 per loan and a $100,000,000 aggregate total to all participating lending institutions.

During the year, 412 loans totalling $26,300,800 were approved.

Land Lease Program

In October 1977, the Corporation discontinued accepting applications for sale of land to the Corporation for leasing purposes. Under the program, the Corporation had acquired a total of 223,600 acres at a cost of $22.6 million.

During 1988-89, 13 sales were made to lessees under the terms of the purchase option clause in the lease agreement. Fifty-eight other sales were made by public tender.

Fish Farming Loans

This program was introduced in late 1987-88 and was established to provide agricultural loans to finance the commercial raising of freshwater fish (Aquaculture) in either land locked dugouts and ponds or tanks. One loan, in 1988-89, for $88,650 has been approved under this program.

Fisherman's Loans

During the year, the Corporation approved 1,053 loans totalling $3,918,693. Total loans from inception of this program in 1969 have been $33,914,098 for 2,839 clients. A very high percentage of these fishermen are returning for supplemental loans every one or two years, indicating the success of the program in providing the revolving credit needs of Manitoba's commercial fishermen.

Fisherman's Loan Approvals — Total Province

For Five Years Ended March 31, 1989

	1984-85	1985-86	1986-87	1987-88	1988-89
Number	926	993	1046	953	1053
$ Amount	2,322,464	2,595,025	3,492,234	3,485,032	3,918,693

MACC Summary of Activity

(Compared with Previous Fiscal Year)

	1987-88		1988-89	
	Number	Amount	Number	Amount
Direct Loans	213	11,593,568	282	14,290,064
Corporate & Co-operative Loans	—	(4,650)	3	393,779
Stocker Loans	89	3,426,905	83	2,568,734
Crown Land Loans	3	21,150	1	11,070
Manitoba Beef Stabilization Loans	91	1,503,905	69	1,293,800
Refinancing Program — Regular	9	706,050	13	1,209,162
— Corporate	—	—	—	—
Manitoba Mediation Board	8	805,450	11	866,891
Farm Start	1	25,000	—	—
Part-time Farmers	8	349,200	11	515,900
Fish Farms	—	—	1	88,650
TOTAL	422	18,426,578	474	21,238,050
Guaranteed Loans	546	34,646,500	412	26,300,800
Land Sales	16	757,132	91	4,058,476
TOTAL	984	53,830,210	977	51,597,326
Fisherman's Loans				
— Administered by MACC				
for Department of Natural Resources	953	3,485,032	1,053	3,918,693
TOTAL	1937	57,315,242	2,030	55,516,019

Table I

Approved Direct Loans by Purposes

Percentage Comparison

For the Five Years Ended March 31, 1989

	1984-85	1985-86	1986-87	1987-88	1988-89	1988-89
	%	%	%	%	%	Amount
Purchase of Land by Borrower	53	75	64	67	84	11,920,336
Permanent Improvements, Buildings	6	3	4	6	5	594,459
Permanent Improvements, Land	—	—	—	—	—	6,100
Consolidation of Debts	35	16	28	22	10	1,466,095
Purchase of Livestock	4	4	3	4	1	198,257
Purchase of Equipment	1	1	—	—	—	17,100
Other Purposes	1	1	1	1	—	87,717
Total:	100	100	100	100	100	14,290,064

Table II

Approved Agricultural Loans by Age Groups

For the Five Years Ended March 31, 1989

	*Young Farmers					Others					Totals				
	1984-85	1985-86	1986-87	1987-88	1988-89	1984-85	1985-86	1986-87	1987-88	1988-89	1984-85	1985-86	1986-87	1987-88	1988-89
New Loans															
Number	278	220	247	157	210	24	10	5	11	10	300	230	252	168	220
%	92%	96%	98%	93%	95%	8%	4%	2%	7%	5%					
$ Amount	17,349,111	13,245,563	16,935,559	8,907,899	11,416,242	1,716,636	294,695	449,300	588,329	559,250	19,065,747	13,540,258	17,384,859	9,496,227	11,975,492
%	91%	98%	97%	94%	95%	9%	2%	3%	6%	5%					
Average	62,859	60,207	68,585	56,738	54,383	71,526	26,470	89,860	53,485	55,925	63,552	58,871	68,988	56,526	54,434
Additional Loans															
Number	90	54	66	42	59	17	2	4	3	3	107	56	70	45	62
%	84%	96%	94%	93%	95%	16%	4%	6%	7%	5%					
$ Amount	3,214,832	2,196,505	3,108,058	1,867,577	2,187,422	879,439	12,992	186,050	129,764	127,150	4,094,371	2,209,497	3,294,108	2,097,341	2,314,572
%	79%	99%	94%	94%	95%	21%	1%	6%	6%	5%					
Average	35,721	40,676	47,092	46,947	37,075	51,731	6,496	46,512	43,255	42,383	38,266	39,455	47,059	46,608	37,332
Total															
Number	368	274	313	199	269	41	12	9	14	13	407	286	322	213	282
%	90%	96%	97%	93%	95%	10%	4%	3%	7%	5%					
$ Amount	20,564,043	15,442,068	20,043,617	10,875,475	13,603,664	2,596,075	307,687	635,350	718,093	686,400	23,160,118	15,749,756	20,678,967	11,593,568	14,290,064
%	89%	98%	97%	94%	95%	11%	2%	3%	6%	5%					
Average	58,186	56,356	64,037	54,651	50,571	63,319	25,641	70,594	51,292	52,800	56,905	55,089	64,220	54,430	50,674

*Young Farmers are those 18 to 39 years of age

Table III

Summary of Programs

For the Five Years Ended March 31, 1989

	1984-85	1985-86	1986-87	1987-88	1988-89
DIRECT LOANS					
No.	407	286	322	213	282
$ Amount	23,160,118	15,749,755	20,678,967	11,593,568	14,290,064
CORPORATE LOANS					
No.	3	2	4	—	3
$ Amount	699,974	224,814	987,188	(4,650)	393,779
CROWN LAND LOANS					
No.	10	6	7	3	1
$ Amount	100,852	49,155	102,110	21,150	11,070
STOCKER LOANS					
No.	90	111	132	89	83
$ Amount	2,264,982	3,138,303	4,075,439	3,426,905	2,568,734
MAN. BEEF STABILIZATION LOANS					
No.	249	291	200	91	69
$ Amount	3,991,872	4,641,930	3,041,666	1,503,905	1,293,800
REFINANCING PROGRAM					
REGULAR					
No.	—	71	33	9	13
$ Amount	—	7,012,963	4,008,446	706,050	1,209,162
CORPORATE					
No.	—	6	2	—	—
$ Amount	—	1,228,930	462,407	—	—
MAN. MEDIATION BOARD					
No.	—	—	—	8	11
$ Amount	—	—	—	805,450	866,891
FARM START					
No.	—	—	—	1	—
$ Amount	—	—	—	25,000	—
PART TIME FARMERS					
No.	—	2	17	8	11
$ Amount	—	226,600	1,083,600	349,200	515,900
MAN. INTEREST RATE RELIEF LOANS					
1st Yr. No.	199	7	—	—	—
$ Amount	1,129,717	35,551	379	—	—
2nd Yr. No.	441	206	5	—	—
$ Amount	2,530,742	1,148,198	36,303	—	—
GUARANTEED LOANS					
— Guaranteed Operating - new program					
Approvals	—	—	—	—	14
$ Amount	—	—	—	—	1,010,000
Transfers					
No.	—	—	—	—	98
$ Amount	—	—	—	—	6,762,800
— Guaranteed Operating- to Dec./88					
Initial Approvals					
No.	307	181	100	99	52
$ Amount	15,011,900	8,331,500	5,146,000	5,155,000	2,773,500
Repeat Approvals					
No.	376	373	390	447	248
$ Amount	24,776,200	23,912,000	25,627,500	29,491,500	15,754,500
LAND SALES					
No.	8	6	18	16	91
$ Amount	710,951	299,870	1,128,406	757,132	4,058,476
FISH FARM					
No.	—	—	—	—	1
$ Amount	—	—	—	—	88,650
TOTAL					
No.	2,090	1,548	1,230	984	977
$ Amount	74,377,308	65,999,569	66,378,411	53,830,210	51,597,326

Table IV

Summary of Programs

Interlake Region

For the Five Years Ended March 31, 1989

	1984-85	1985-86	1986-87	1987-88	1988-89
DIRECT LOANS					
No.	54	32	43	27	24
$ Amount	2,904,016	1,333,945	2,194,650	1,437,509	1,284,104
CORPORATE LOANS					
No.	—	—	1	—	1
$ Amount	—	—	154,600	—	152,000
CROWN LAND LOANS					
No.	3	4	2	2	1
$ Amount	31,722	36,380	37,450	13,790	11,070
STOCKER LOANS					
No.	5	6	15	15	8
$ Amount	179,882	194,583	507,120	495,557	114,588
MANITOBA BEEF STABILIZATION LOANS					
No.	40	45	24	15	12
$ Amount	767,400	836,546	463,052	291,900	284,700
REFINANCING PROGRAM — REGULAR					
No.	—	10	7	1	—
$ Amount	—	971,981	691,015	130,200	—
— CORPORATE					
No.	—	—	1	—	—
$ Amount	—	—	216,407	—	—
PART TIME FARMERS					
No.	—	—	5	1	4
$ Amount	—	—	249,050	87,000	181,250
MAN. INTEREST RATE RELIEF LOANS					
No.	147	43	1	—	—
$ Amount	811,326	225,428	6,218	—	—
GUARANTEED LOANS — Guaranteed Operating - new program					
Approvals					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
Transfers					
No.	—	—	—	—	4
$ Amount	—	—	—	—	385,800
— Guaranteed Operating to Dec./88					
Initial Approvals					
No.	18	10	9	6	3
$ Amount	526,000	375,000	365,000	217,000	85,000
Repeat Approvals					
No.	24	19	28	33	26
$ Amount	1,617,000	957,000	1,743,000	1,896,000	1,446,000
LAND SALES					
No.	—	2	2	3	7
$ Amount	—	98,700	99,437	138,600	210,001
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
TOTAL					
No.	289	171	138	103	90
$ Amount	6,837,346	5,032,563	6,726,999	4,707,556	4,154,513

Table V

Summary of Programs

Eastern Region

For the Five Years Ended March 31, 1989

	1984-85	1985-86	1986-87	1987-88	1988-89
DIRECT LOANS					
No.	38	16	42	23	19
$ Amount	2,594,942	712,442	3,504,668	1,497,513	1,284,043
CORPORATE LOANS					
No.	2	1	1	—	—
$ Amount	265,000	50,500	200,000	—	—
CROWN LAND LOANS					
No.	3	1	1	1	—
$ Amount	29,400	(375)	6,920	7,360	—
STOCKER LOANS					
No.	6	10	10	5	5
$ Amount	169,014	348,421	288,250	184,075	211,021
MANITOBA BEEF STABILIZATION LOANS					
No.	18	21	10	7	2
$ Amount	295,940	351,807	75,590	114,900	21,000
REFINANCING PROGRAM REGULAR					
No.	—	6	1	1	1
$ Amount	—	757,232	182,337	123,500	63,540
CORPORATE					
No.	—	2	—	—	—
$ Amount	—	463,670	—	—	—
MAN. MEDIATION BOARD					
No.	—	—	—	—	1
$ Amount	—	—	—	—	75,600
PART TIME FARMERS					
No.	—	—	1	3	—
$ Amount	—	—	46,800	168,550	—
MAN. INTEREST RATE RELIEF LOANS					
No.	38	11	—	—	—
$ Amount	228,020	63,982	—	—	—
GUARANTEED LOANS					
— Guaranteed Operating - new program					
Approvals					
No.	—	—	—	—	1
$ Amount	—	—	—	—	25,000
Transfers					
No.	—	—	—	—	1
$ Amount	—	—	—	—	90,000
— Guaranteed Operating to Dec./88					
Initial Approvals					
No.	9	11	4	4	5
$ Amount	403,600	563,000	98,000	215,000	225,000
Repeat Approvals					
No.	20	19	19	16	10
$ Amount	1,271,200	1,338,000	1,275,000	869,000	500,000
LAND SALES					
No.	2	2	4	2	15
$ Amount	135,664	129,800	321,100	122,998	776,439
FISH FARM					
No.	—	—	—	—	1
$ Amount	—	—	—	—	88,650
TOTAL					
No.	136	100	93	62	61
$ Amount	5,392,780	4,778,479	5,998,665	3,302,896	3,360,293

Table VI

Summary of Programs

Central Region

For the Five Years Ended March 31, 1989

	1984-85	1985-86	1986-87	1987-88	1988-89
DIRECT LOANS					
No.	62	50	57	31	41
$ Amount	3,187,556	3,075,902	3,888,045	1,637,572	2,398,680
CORPORATE LOANS					
No.	1	—	—	—	—
$ Amount	183,859	5,314	(412)	(4,650)	(3,221)
CROWN LAND LOANS					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
STOCKER LOANS					
No.	14	25	26	24	25
$ Amount	399,994	922,559	1,025,656	1,125,113	1,045,836
MANITOBA BEEF STABILIZATION LOANS					
No.	49	55	43	16	14
$ Amount	686,940	795,863	614,627	266,600	272,800
REFINANCING PROGRAM — Regular					
No.	—	5	2	—	1
$ Amount	—	521,750	233,000	—	173,000
MAN. MEDIATION BOARD					
No.	—	—	—	1	4
$ Amount	—	—	—	110,000	358,553
PART TIME FARMERS					
No.	—	—	6	—	—
$ Amount	—	—	373,700	—	—
MAN. INTEREST RATE RELIEF LOANS					
No.	184	56	2	—	—
$ Amount	1,057,147	313,761	10,642	—	—
GUARANTEED LOANS — Guaranteed Operating - new program					
Approvals					
No.	—	—	—	—	4
$ Amount	—	—	—	—	270,000
Transfers					
No.	—	—	—	—	42
$ Amount	—	—	—	—	2,857,000
— Guaranteed Operating to Dec./88					
Initial Approvals					
No.	59	48	34	48	15
$ Amount	3,855,000	2,207,000	1,810,000	2,777,000	790,000
Repeat Approvals					
No.	107	75	94	135	77
$ Amount	8,784,000	5,901,000	7,180,000	10,196,000	5,732,500
LAND SALES					
No	1	—	2	2	16
$ Amount	163,400	—	86,836	72,753	1,076,116
TOTAL					
No.	477	314	266	255	239
$ Amount	18,317,896	13,743,149	15,222,094	16,200,388	14,971,264

Table VII

Summary of Programs

South Western Region

For the Five Years Ended March 31, 1989

	1984-85	1985-86	1986-87	1987-88	1988-89
DIRECT LOANS					
No.	173	120	125	79	131
$ Amount	10,333,278	7,386,122	8,165,989	4,476,386	6,477,846
CORPORATE LOANS					
No.	(1)	1	2	—	—
$ Amount	(63,000)	169,000	633,000	—	—
CROWN LAND LOANS					
No.	—	—	1	—	—
$ Amount	—	—	21,070	—	—
STOCKER LOANS					
No.	40	53	65	31	35
$ Amount	954,177	1,305,099	1,803,621	1,152,968	915,206
MAN. BEEF STABILIZATION LOANS					
No.	71	80	61	33	16
$ Amount	1,209,452	1,274,199	1,074,897	508,905	371,800
REFINANCING PROGRAM REGULAR					
No.	—	34	18	6	9
$ Amount	—	3,522,065	2,214,522	380,150	837,022
CORPORATE					
No.	—	4	—	—	—
$ Amount	—	765,260	—	—	—
MAN. MEDIATION BOARD					
No.	—	—	—	4	4
$ Amount	—	—	—	359,600	309,892
PART TIME FARMERS					
No.	—	2	5	4	7
$ Amount	—	226,600	414,050	93,650	334,650
MAN. INTEREST RATE RELIEF LOANS					
No.	102	45	1	—	—
$ Amount	635,360	253,569	12,762	—	—
GUARANTEED LOANS					
— Guaranteed Operating - new program					
Approvals					
No.	—	—	—	—	4
$ Amount	—	—	—	—	236,000
Transfers					
No.	—	—	—	—	31
$ Amount	—	—	—	—	2,208,000
— Guaranteed Operating to Dec./88					
Initial Approvals					
No.	136	81	42	37	23
$ Amount	6,647,000	3,657,500	2,275,000	1,707,000	1,268,500
Repeat Approvals					
No.	151	167	170	198	103
$ Amount	8,846,500	10,272,000	10,218,000	12,467,000	6,410,500
LAND SALES					
No.	2	2	5	5	38
$ Amount	147,250	71,370	512,000	210,991	1,379,767
TOTAL					
No.	674	589	495	397	401
$ Amount	28,710,017	28,902,784	27,344,911	21,356,650	20,748,183

Table VIII

Summary of Programs

North Western Region

For the Five Years Ended March 31, 1989

	1984-85	1985-86	1986-87	1987-88	1988-89
DIRECT LOANS					
No.	80	68	55	53	67
$ Amount	4,140,326	3,241,344	2,925,615	2,544,588	2,845,391
CORPORATE LOANS					
No.	1	—	—	—	2
$ Amount	314,115	—	—	—	245,000
CROWN LAND LOANS					
No.	4	1	3	—	—
$ Amount	39,730	13,150	36,670	—	—
STOCKER LOANS					
No.	25	17	16	14	10
$ Amount	561,915	367,641	450,792	469,192	282,083
MAN. BEEF STABILIZATION LOANS					
No.	71	90	62	20	25
$ Amount	1,032,140	1,383,515	813,500	301,600	343,500
REFINANCING PROGRAM					
REGULAR					
No.	—	16	5	1	2
$ Amount	—	1,236,935	687,572	72,200	135,600
CORPORATE					
No.	—	—	1	—	—
$ Amount	—	—	246,000	—	—
MAN. MEDIATION BOARD					
No.	—	—	—	3	2
$ Amount	—	—	—	335,850	122,846
FARM START					
No.	—	—	—	1	—
$ Amount	—	—	—	25,000	—
MAN. INTEREST RATE RELIEF LOANS					
No.	169	58	1	—	—
$ Amount	928,606	327,009	7,060	—	—
GUARANTEED LOANS					
— Guaranteed Operating - new program					
Approvals					
No.	—	—	—	—	5
$ Amount	—	—	—	—	480,000
Transfers					
No.	—	—	—	—	20
$ Amount	—	—	—	—	1,222,000
— Guaranteed Operating to Dec./88					
Initial Approvals					
No.	87	31	11	6	6
$ Amount	3,580,300	1,529,000	598,000	239,000	405,000
Repeat Approvals					
No.	74	93	79	65	32
$ Amount	4,257,500	5,444,000	5,211,500	4,063,500	1,665,500
LAND SALES					
No.	3	—	5	4	15,
$ Amount	264,637	—	109,033	211,790	616,153
TOTAL					
No.	514	374	238	167	186
$ Amount	15,119,269	13,542,594	11,085,742	8,262,720	8,363,073

Manitoba

The Manitoba Agricultural Credit Corporation

Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A to E and Schedule 1, of The Manitoba Agricultural Credit Corporation for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of The Manitoba Agricultural Credit Corporation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

September 8, 1989
Winnipeg, Manitoba

F. H. Jackson, CA,
Provincial Auditor

Exhibit A

The Manitoba Agricultural Credit Corporation

Balance Sheet

as at March 31, 1989

Assets

The Agricultural Credit Corporation Act

	1989	1988
Cash (Note 3)	$ 4,878,810	$ 2,877,140
Accounts receivable (Note 4)	1,677,180	552,964
Other receivables (Note 9 a)):		
Stocker program advances (Note 5)	2,180,921	2,650,983
Mortgages, chattels and agreements for sale (Note 6)	207,730,706	218,199,456
Promissory notes (Note 7)	292,325	514,437
Security agreements (Note 8)	759,048	996,685
	210,963,000	222,361,561
Real estate (Notes 10 and 13)	20,145,000	17,332,672
Unamortized debt discount and expense	42,975	49,341
	237,706,965	243,173,678

Part III of The Fisheries Act

Cash on deposit with the Minister of Finance	23,277	16,696
Prepaid expenses	3,067	3,337
Loans receivable (Note 9 b))	6,161,972	5,357,674
	6,188,316	5,377,707
	$243,895,281	$248,551,385

Approved on behalf of the Board

Director

Director

Liabilities and Deficit

The Agricultural Credit Corporation Act

	1989	1988
Accounts payable:		
The Province of Manitoba	$ 474,118	$ 824,625
Other	1,211,039	1,630,172
	1,685,157	2,454,797
Provision for losses on guaranteed operating loans (Note 15b))	1,434,191	2,117,000
Advances from the Province of Manitoba (Note 11 a))	248,346,046	252,427,879
Deficit account (Note 12 a)):		
Balance at beginning of year	(13,825,998)	(7,613,445)
Excess of revenue over expenditure, Exhibit B	67,569	(6,212,553)
Balance at end of year	(13,758,429)	(13,825,998)
	237,706,965	243,173,678

Part III of The Fisheries Act

Accounts payable	7,497	9,688
Advances from the Province of Manitoba (Note 11 b))	6,579,133	5,761,929
Deficit account (Note 12 b)):		
Balance at beginning of year	(393,910)	28,289
Excess of expenditure over revenue, Exhibit C	(4,404)	(422,199)
Balance at end of year	(398,314)	(393,910)
	6,188,316	5,377,707
	$243,895,281	$248,551,385

Exhibit B

THE MANITOBA AGRICULTURAL CREDIT CORPORATION
The Agricultural Credit Corporation Act
Statement of Revenue and Expenditure
for the year ended March 31, 1989

	1989	1988
Revenue:		
Interest:		
Mortgages, chattels and agreements for sale	$20,052,830	$20,881,156
Interest Rate Reduction Program	—	13,022,630
Promissory notes	118,177	142,715
Stocker program advances	267,115	268,704
Security agreements	103,845	157,462
Cash on deposit with the Minister of Finance	39,120	34,802
Term deposits with the Minister of Finance	1,074,307	991,846
	21,655,394	35,499,315
Real estate (Note 13)	1,647,184	1,199,003
Other	29,924	191,472
	23,332,502	36,889,790
Expenditure:		
Administration, Schedule 1	10,504,639	14,099,355
Financing charges, net:		
Interest on advances from the Province of Manitoba, amortization of debt discount and service charges	24,038,454	24,750,101
Interest Rate Reduction Program	—	13,022,630
	24,038,454	37,772,731
Less:		
Amount assumed by the Province of Manitoba (Note 2 b))	11,278,160	8,769,743
	12,760,294	29,002,988
Total expenditure	23,264,933	43,102,343
Excess of revenue over expenditure, Exhibit A	$ 67,569	$ (6,212,553)

Exhibit C

THE MANITOBA AGRICULTURAL CREDIT CORPORATION
Part III of The Fisheries Act
Statement of Revenue and Expenditure
for the year ended March 31, 1989

	1989	1988
Revenue:		
Loan interest:	$ 628,705	$ 539,082
Grant from the Province of Manitoba re administration costs (Note 2 b))	323,677	348,817
	952,382	887,899
Expenditure:		
Administration costs:		
Salaries	270,838	278,084
Audit fees	5,740	7,220
Bad debts (Note 9 b))	37,200	47,585
Collection expenses	2,432	1,348
Data processing	5,013	7,384
Employee benefits	26,865	20,361
Furniture and fixtures	227	3,936
Health and post secondary education levy	5,098	5,417
Miscellaneous	355	195
Postage	1,843	1,893
Rental of office premises	16,261	14,858
Stationery, supplies and equipment rentals	8,559	7,620
Telephone	12,632	11,532
Travelling	16,913	22,468
Workers compensation	2,743	2,165
	412,719	432,066
Financing charges:		
Interest on advances from Province of Manitoba	544,067	465,347
	956, 786	897,413
Excess of expenditure over revenue before refund to the Province of Manitoba	4,404	9,514
Refund to the Province of Manitoba	—	412,685
Excess of expenditure over revenue, Exhibit A	$ 4,404	$ 422,199

Exhibit D
Page 1

The Manitoba Agricultural Credit Corporation
The Agricultural Credit Corporation Act

Statement of Receipts and Disbursements

for the year ended March 31, 1989

	1989	1988
Receipts:		
Advances from the Province of Manitoba	$ 19,000,000	$ 30,800,000
Collections on account of mortgages, chattels and agreements for sale:		
Principal	8,003,143	13,730,044
Interest	22,961,803	21,997,645
Other charges	1,130,706	1,297,365
	32,095,652	37,025,054
Collections on account of promissory notes:		
Principal	106,495	218,412
Interest	125,818	173,077
	232,313	391,489
Collections on account of stocker program advances receivable:		
Principal	3,617,754	3,452,771
Interest	258,540	192,692
	3,876,294	3,645,463
Collections on account of security agreements receivable:		
Principal	2,200,104	4,498,386
Interest	134,592	187,621
	2,334,696	4,686,007
Collections on account of Manitoba Interest Rate Relief Program (Note 16)		
Principal	648,821	699,626
Interest	396,724	468,669
	1,045,545	1,168,295
Interest:		
On cash on deposit with the Minister of Finance	39,120	34,802
On term deposits with the Minister of Finance	1,074,307	991,846
	1,113,427	1,026,648
Carried forward	$59,697,927	$ 78,742,956

	1989	1988
Disbursements:		
Mortgages and agreements for sale	$ 12,188,985	$ 16,717,310
Promissory notes	5,897	4,067
Stocker program	3,176,537	3,858,152
Land and building purchases	11,191	60,329
Security agreements	1,957,247	3,235,868
Sundry charges on account of mortgages	782,383	922,878
Taxes charged on land leasing	85,411	120,261
Young farmer rebates	1,651,348	1,586,940
Financing charges paid to the Province of Manitoba:		
Interest on advances and service charges, net	16,342,661	20,045,813
Interest Rate Reduction Program	—	13,022,630
	16,342,661	33,068,443
Payment to the Province of Manitoba of collections on account of Manitoba Interest Rate Relief Program (Note 16)		
Principal	549,395	607,913
Interest	386,230	485,666
	935,625	1,093,579
Carried forward	$39,137,283	$ 60,687,827

The Manitoba Agricultural Credit Corporation
The Agricultural Credit Corporation Act

Statement of Receipts and Disbursements

for the year ended March 31, 1989

	1989	1988
Receipts:		
Brought forward	$ 59,697,927	$ 78,742,956
Proceeds from term deposits	29,125,000	30,000,000
Proceeds from sale of real estate	3,129,712	552,149
Collections on account of land leasing	1,540,206	1,221,795
Administration costs — Manitoba Interest Rate Relief Program (Note 16)	33,246	39,736
Miscellaneous	104,612	565,257
Trust account:		
Insurance claim proceeds	5,000	47,242
Total cash receipts	93,635,703	111,169,125
Cash on hand, in bank and on deposit with the Minister of Finance at beginning of year	2,877,140	5,343,809
	$ 96,512,843	$116,512,934

	1989	1988
Disbursements:		
Brought forward	$ 39,137,283	$ 60,687,827
Repayment of capital advances to the Province of Manitoba	17,804,522	18,649,697
Purchase of term deposits	29,125,000	30,000,000
Administration costs	5,199,617	4,292,731
Miscellaneous	367,611	5,539
Total cash disbursements	91,634,033	113,635,794
Cash on hand, in bank and on deposit with the Minister of Finance at end of year	4,878,810	2,877,140
	$ 96,512,843	$116,512,934

Exhibit E

THE MANITOBA AGRICULTURAL CREDIT CORPORATION
Part III of The Fisheries Act

Statement of Receipts and Disbursements

for the year ended March 31, 1989

	1989	1988
Receipts:		
Province of Manitoba:		
Advances	$ 1,850,000	$ 1,000,000
Grant re administration costs	290,881	310,746
	2,140,881	1,310,746
Collections on account of loans:		
Principal	3,753,594	3,222,899
Interest	566,056	478,089
Interest from Province of Manitoba	24,574	27,667
	4,344,224	3,728,655
Miscellaneous	—	108
Total cash receipts	6,485,105	5,039,509
Cash on deposit with the Minister of Finance at beginning of year	16,696	194,429
	$ 6,501,801	$ 5,233,938
Disbursements:		
Loans	$ 4,558,206	$ 3,964,462
Administration costs	378,251	384,748
Interest on advances from the Province of Manitoba	544,067	465,347
Refund to the Province of Manitoba	—	412,685
Repayment of advance to the Province of Manitoba	1,000,000	—
Total cash disbursements	6,478,524	5,217,242
Cash on deposit with the Minister of Finance at end of year	23,277	16,696
	$ 6,501,801	$ 5,233,938

Schedule 1

THE MANITOBA AGRICULTURAL CREDIT CORPORATION
The Agricultural Credit Corporation Act

Schedule of Administration Expenditure

for the year ended March 31, 1989

	1989	1988
Salaries	$ 1,789,583	$ 1,680,506
Advertising	33,476	51,062
Audit fees	32,530	28,880
Bad debts (Note 9 a))		
— promissory notes	113,873	22,802
— mortgages, chattels and agreements for sale	5,989,719	10,118,409
— stocker program	37,441	152,777
— land lease program	(66,991)	67,058
— security agreements	(35,988)	189,088
Collection expenses	1,167	1,025
Data processing	48,269	63,973
Directors' fees and expenses	35,873	20,464
Ear tags	(589)	15,540
Employee benefits	154,640	152,195
Guaranteed loan losses	987,839	679,050
Insurance	14,798	13,896
Health and post secondary education levy	41,653	37,987
Messenger service	3,647	2,958
Miscellaneous	2,205	1,503
Office furniture and equipment	17,012	19,657
Office rental, cleaning, light and power	147,905	159,592
Postage	26,470	28,031
Professional fees	21,430	10,861
Property taxes	394,750	292,523
Real estate maintenance	15,809	54,086
Relocation expenses	4,417	6,152
Stationery, office supplies and equipment rental	59,462	53,426
Telephone	48,224	45,213
Travelling	100,117	114,014
Workers compensation	21,813	16,627
Assistance under the Manitoba Mediation Board Program	464,085	—
Total administration expenditure, Exhibit B	$10,504,639	$ 14,099,355

The Manitoba Agricultural Credit Corporation

Notes to the Financial Statements

for the year ended March 31, 1989

1. Nature of Operations

The Manitoba Agricultural Credit Corporation is incorporated under a specific statute of the Province of Manitoba, being Chapter A-10 of the Revised Statutes of Manitoba, 1970.

The Corporation carries out the following programs:

a) It provides and administers financial assistance to farmers to assist in the development of farms under its Act;

b) It provides and administers loans to commercial fishermen under the Manitoba Fisheries Act;

and the Corporation accounts for each of these programs separately.

2. Significant Accounting Policies

a) The Corporation operates on the accrual basis of accounting except for the following:

i) Equipment and office furniture are charged to operations in the year of acquisition.

ii) Revenue from real estate is not offset by depreciation on farm buildings and equipment acquired.

iii) In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Corporation's employees amounted to $2,708,987 at December 31, 1988 (1987 — $2,375,268).

iv) In accordance with the procedures followed by the Province of Manitoba the Corporation's account with the Minister of Finance is held open until May 15, to reflect transactions recorded by the Province as of March 31.

v) The Government of the Province of Manitoba provides the services of legal counsel, computer system programmer/analysts and other miscellaneous administrative services at no charge to the Corporation. The costs of these services is estimated to be approximately $100,000 (1988 — $140,000). These costs are not reflected in these financial statements.

b) In accordance with the Acts under which it operates, the amounts by which the expenditures of the programs it administers exceed the related revenues may be recovered from the Province of Manitoba from its appropriations.

c) The allowances for doubtful accounts are determined on an individual account basis and relate to loans and accounts receivable and represent an estimate of probable losses on the accounts outstanding at year end as shown in note 9. Actual losses on loans and accounts receivable are charged to the allowance when written off by Board resolution. The adjustment of the allowances to the required level is charged to administration expenditure as bad debts.

3. Cash

Cash consisted of the following at March 31:

	1989	1988
On hand and in bank	$ 109,675	$ 14,046
On deposit with the Minister of Finance (Note 2 a) iv))	4,769,135	2,863,094
	$ 4,878,810	$ 2,877,140

Notes to the Financial Statements

for the year ended March 31, 1989

4. Accounts Receivable

Accounts receivable consisted of the following at March 31:

	1989	1988
Rent (Note 9 a))	$ 556,457	$ 741,660
Sale of real estate	1,299,860	264,521
Conditional incentive grants and accrued interest	14,792	13,661
Other	17,302	17,359
	1,888,411	1,037,201
Less: allowance for doubtful accounts	211,231	484,237
	$ 1,677,180	$ 552,964

5. Stocker Program Advances Receivable

Stocker program advances receivable consisted of the following at March 31:

	1989	1988
Renewable interest bearing advances, 18 month term	$ 2,481,060	$ 2,898,589
Interest free advances, 12 month term, discontinued in 1975-76	20,720	20,742
Interest bearing advances under programs discontinued in 1974-75	1,185	1,632
Accrued interest	107,244	128,139
	2,610,209	3,049,102
Less: allowance for doubtful accounts	429,288	398,119
	$ 2,180,921	$ 2,650,983

Notes to the Financial Statements

for the year ended March 31, 1989

6. Mortgages, Chattels and Agreements for Sale Receivable

A summary of mortgages, chattels and agreements for sale receivable by years in which the instalments become due and payable is as follows:

Receivable Within:	1989	1988
1 year		
Accrued interest	$ 10,763,813	$ 11,436,003
Arrears	15,488,284	15,524,883
Prepayments	(7,826,548)	(6,704,700)
Regular instalments	8,754,679	8,520,967
	27,180,228	28,777,153
2 years — regular instalments	9,025,500	8,878,737
3 years — regular instalments	9,345,334	9,109,715
4 years — regular instalments	8,979,996	9,416,133
5 years — regular instalments	9,025,792	9,001,044
Over 5 years — regular instalments	159,423,040	167,977,456
	222,979,890	233,160,238
Less: allowance for doubtful accounts	15,249,184	14,960,782
	$ 207,730,706	$ 218,199,456

7. Promissory Notes Receivable

Promissory notes receivable are comprised mainly of loans made under the Farm Diversification Plan Program of the Province of Manitoba. This program was terminated in December, 1978. A summary of promissory notes receivable by years in which the instalments become due is as follows:

Receivable Within:	1989	1988
1 year		
Accrued interest	$ 59,903	$ 78,567
Arrears	557,397	609,335
Prepayments	(15,425)	(11,977)
Regular instalments	71,414	101,141
	673,289	777,066
2 years — regular instalments	66,050	80,152
3 years — regular instalments	65,222	73,134
4 years — regular instalments	68,543	72,182
5 years — regular instalments	47,241	73,607
Over 5 years — regular instalments	37,290	91,434
	957,635	1,167,575
Less: allowance for doubtful accounts	665,310	653,138
	$ 292,325	$ 514,437

Notes to the Financial Statements

for the year ended March 31, 1989

8. **Security Agreements Receivable**

Security agreements receivable consist of advances made to farmers who are registered with the Manitoba Beef Commission and total $865,335 (1988 — $1,229,278) less the allowance for doubtful accounts of $106,287 (1988 — $232,593). These advances are mainly repayable to the Corporation within fourteen months of disbursement.

At March 31, 1989, accrued interest of $33,784 (1988 — $52,529) and arrears of $160,918 (1988 — $284,035) are included in the total security agreements receivable.

9. **Allowance for Doubtful Accounts**

Asset account balances are shown net of the following allowances for doubtful accounts (Note 2 c)):

Asset	Allowance March 31/88	Adjustment Required 1988/89	Accounts Written-Off 1988/89	Required Allowance March 31/89
a) The Agricultural Credit Corporation Act:				
Accounts Receivable — rent	$ 484,237	$ (66,991)	$ 206,015	$ 211,231
Stocker program	398,119	37,441	6,272	429,288
Mortgages, chattels and agreements	14,960,782	5,989,719	5,701,317	15,249,184
Promissory notes	653,138	113,873	101,701	665,310
Security agreements	232,593	(35,988)	90,318	106,287
	$16,728,869	$ 6,038,054	$ 6,105,623	$16,661,300
b) Part III of The Fisheries Act:				
Loans receivable	$ 422,199	$ 37,200	$ 32,796	$ 426,603

10. **Real Estate**

Real estate consists of purchases for the land lease program at cost, and foreclosures and quit claims, at the lower of the foreclosed amounts and quit claims amounts or appraised values at acquisition date. Approximately 97% of this real estate has been leased, approximately 90% of which is subject to an option to purchase.

11. **Advances from the Province of Manitoba**

These advances consisted of the following at March 31:

	1989	1988
a) The Agricultural Credit Corporation Act:		
Advances repayable in equal annual blended principal and interest instalments:		
Rates range from 7.5% to 13.125%	$239,496,046	$243,577,879
Advances repayable at maturity:		
12.74% due March 3, 2000	8,850,000	8,850,000
	$248,346,046	$252,427,879

11. (Continued)

Maturities of principal by fiscal year are as follows:

1989	$ —	$ 18,241,464
1990	17,792,569	15,506,462
1991	16,183,608	13,555,232
1992	13,159,499	12,634,134
1993	14,171,895	13,832,541
1994	13,063,015	12,688,451
1995 through 2019	173,975,460	165,969,595
	$248,346,046	$252,427,879

b) Part III of The Fisheries Act:

Advances repayable on demand, interest payable at prime rates	$ 6,579,133	$ 4,761,929
Advances repayable by March 31, 1989 without interest	—	1,000,000
	$ 6,579,133	$ 5,761,929

12. **Deficit Accounts**

a) The Agricultural Credit Corporation Act

The deficit arises out of the fact that the Province provides funds only on accounts receivable actually written off by the Corporation, but not those for which only an allowance for doubtful accounts has been provided.

b) Part III of The Fisheries Act

The deficit arises out of the fact that the Province provides funds only on accounts receivable actually written off by the Corporation, but not those for which only an allowance for doubtful accounts has been provided.

13. **Sale of Real Estate**

During the year ended March 31, 1989, the Corporation sold seventy-one of its properties. The results were as follows:

	Number	Sales Proceeds	Cost	Gain (Loss)
Sales to Lessees	13	$ 690,872	$ 694,782	$ (3,910)
Sales by Public Tender	58	3,367,071	3,269,716	97,355
	71	$4,057,943	$3,964,498	$ 93,445

The total gain of $93,445 (1988 — $48,772) has been included in real estate revenue of $1,647,184 (1988 —$1,199,003).

Notes to the Financial Statements

for the year ended March 31, 1989

14. Loans Approved but not Disbursed

These loans amounted to the following at March 31:

	1989	1988
a) The Agricultural Credit Corporation Act:		
Mortgages, chattels and agreements for sale:		
Direct loans	$ 5,802,523	$ 1,763,747
Corporate loans	472,402	290,623
Refinancing program — regular	223,424	141,516
Part-time farmers	327,550	42,525
Land lease program	5,814	12,087
Crown land loans	—	6,590
Mediated loans	185,846	679,600
	7,017,559	2,936,688
Stocker program advances	907,537	1,400,619
Security agreements	82,700	2,400
	$ 8,007,796	$ 4,339,707

The Corporate loans amount includes $276,020 (1988 — $279,241) which represents performance bond guarantees to agricultural marketing agencies.

b) Part III of The Fisheries Act:		
Direct loans	$ 285,400	$ 300,329

15. Contingent Liabilities

At March 31, 1989, the Corporation was contingently liable as guarantor of loans made under The Agricultural Credit Corporation Act by lending institutions as follows:

a) The Corporation fully guarantees loans to individuals for the purpose of farming. The last of these guarantees was given during the 1982-83 fiscal year. At March 31, 1989, these guaranteed loans amounted to $468,556 (1988 — $573,344). No provision for this contingency has been made in the financial statements since no loans under this program are in default.

b) Effective April 1, 1983, a Guaranteed Operating Loan program was introduced. Under this program the Corporation guarantees 12 1/2% of the aggregate total guaranteed loans made by each participating lending institution. As of March 31, 1989, the Corporation's contingent liability amounted to $3,424,603 (1988 — $4,622,313). A partial provision for this contingency has been made in the financial statements in the amount of $1,434,191 (1988 — $2,117,000).

16. Manitoba Interest Rate Relief Program

The Corporation administers the agricultural portion of the Manitoba Interest Rate Relief Program for the Province of Manitoba. The Province has provided grants and deferred recoverable advances to farmers under this program which was initiated during the 1982-83 year. The Corporation monitors compliance with the conditions of the program, collects amounts due and remits them to the Province.